United States
Department of
Agriculture

Office of
Governmental
and Public Affairs

Major News Releases and Speeches

July 31-August 7, 1981

IN THIS ISSUE:

Speeches

U.S. Department of Agriculture • Office of Governmental and Public Affairs

Remarks prepared for delivery by Secretary of Agriculture John R. Block, American Soybean Association, St. Louis, Missouri, August 3, 1981

I want to begin today by offering a few of my personal thoughts about today's agriculture, and where I believe we are heading in the future.

I know many of you personally—and you know something about me. First, you know that I have always been extremely proud of what this great agricultural industry has accomplished in the past. We all should look to our past with pride, simply because it gives us an idea of what we can strive for in the future.

We have an industry that has been head-and-shoulders above others in the export market. Our exports reached a record $40.5 billion in 1980. What is more important, we have displayed a trade surplus of nearly $30 billion.

We can also be proud of what this activity has done for the U.S. economy. Every dollar that is returned to the farm sector from exports is more than doubled in the economy. We account for a full 20 percent of the gross national product, and 23 million people are employed because agriculture is what it is. In short, *we are important.* Through a lot of hard work and dedication, we have placed our industry into a position that will never again go without recognition.

You also know that I am very optimistic about the future of agriculture. But, somewhere between our pride of the past and our optimism for the future, we're going to have to face the problems that are at hand. One such problem area involves the net income picture.

Just last week I informed President Reagan in a letter about the financial picture. Net farm income fell about 40 percent in 1980, the lowest since 1977. If you adjust it for inflation, it was the lowest since the 1930's. And frankly, it won't get much better until we can get a handle on inflation and interest rates. A one

percent increase in interest translates into a decline in farm income of about 10 percent, and we can't take much more of that.

I also told the President of my concerns about the farm debt, which has increased 28 percent in the last two years. Some predictions have it that it will pass the $600 billion mark by 1990, more than three times the level of December.

Figures like these ***have*** to be taken seriously. We cannot simply say that it will never happen, pretending that everything will be rosy in the future. We have to recognize the problems at hand, deal with them now, and make certain that we find the solutions. But first, we have to recognize the underlying cause.

Inflation and high interest rates have damaged just about every sector of the American economy—and there's going to be further damage unless we can get this big ship turned around and heading in the right direction.

The President was elected last November to do it. But to get it done, he has to turn back to you. He needs the people for the strength, and power, and direction to make it happen. The President's plan will work if we are willing to give it a chance—and I have never meant anything more sincerely. My optimism for this nation is the fact that the President wants to get the people involved in the recovery. And in optimism for agriculture is reinforced by seeing the work that is already being accomplished by groups like ASA.

I congratulate you for your many undertakings. I am particularly pleased to see that ASA has a committee looking into our transportation situation. Of special interest is your examination of alternate routings for soybean shipments from the upper Midwest and Plains states to the West Coast for export to Asia. I can assure you that our Office of Transportation will do all it can to assist you.

What we want to do in the federal government is to create an atmosphere that will let you carry out your work in a free market climate. We are not looking to farm programs that are designed to tell the market how to work. Nor do we want farm programs that become direct giveaways. Certainly, farming is a high risk business, and some commodities may need some form of

protection. But, if we do create safety nets under certain commodities, that's *just* what they'll be—safety nets, and not hammocks. We all know that government hammocks have done to production.

The peanut industry is a good example. We've had various programs for peanuts since 1933, but it wasn't until 1949 that the government initiated a complete acreage allotment and quota system. Look at what happened. In 1949, peanut production was 1.8 billion pounds.

By 1979, we were producing 3.9 billion pounds—a 116 percent increase. But, it's really not that astounding when compared to soybeans. During the same period, your soybean production increased by nearly 870 percent, from 234 million bushels in 1949 to more than 2.2 ***billion*** bushels in 1979. That's much better than programs that limit production, and then use government money to give the commodity a cosmetic complexion.

There is a good reason for the success of soybeans in America. Again, the work accomplished by your organization accounts for a large part of that success. This is especially true when we talk about your work in the export market.

This administration also has a strong commitment to agricultural exports. As you know, some markets are hard to get into. Once we're in, we have to work hard to stay. When I was in Europe recently, I made it clear that we will no longer tolerate trade policies that are illegal or run contrary to earlier agreements. For example, we stood firm that we would not tolerate any actions that impair our zero duty on soybeans with the EC.

We are also meeting with the Soviet Union today through Wednesday in Vienna for exploratory talks concerning a new grain agreement between our two nations. I have great confidence in Special Trade Representative Bill Brock, who is leading our team. He knows agriculture. He understands the importance of working out an agreement that will benefit the American farmer. I am certain that he will not let us down.

President Reagan understands the damage that was caused by the grain embargo. That's why this administration is as opposed to export embargoes, except in the most extreme circumstances. Even

then, the American farmer will not be singled out. Our goal is to enhance our position in the world market, not to weaken it.

The President's Economic Program, our proposed farm bill, our export thrust, and the work being accomplished by organizations like ASA are the reasons why I am bullish on the future of agriculture. Certainly, we have many problems. But they *will* be resolved as long as we have an administration willing to work with the people. That makes today a very exciting time in history. It gives reason for all of us to be optimistic. In fact, I hope we never see the day when we cannot have that type of optimism.

#

Remarks prepared for delivery by Secretary of Agriculture John R. Block Midcontinent Farmers Association, Columbia, Missouri, August 3, 1981

We should keep one thing in mind when we discuss the government's plan for improving our agricultural economy. We are ***not*** talking about what the ***government*** can do for agriculture. It would be an error to look at it that way. Actually, we are talking about how the government can help ***you*** improve your own industry.

The farm bill, our export thrust and the President's recovery program are all important. But it's your input that will ultimately determine how these programs work. I can talk about farm programs, but you are the ones who will have to put those programs to work. I can talk about exports, but you have to produce the commodities. And this creates a great challenge for each of you.

Before I start talking about ***how*** we want to accomplish our goals, I want to say a few words about ***why*** we need a prosperous agriculture. The real reason goes far beyond our own livelihoods, or the fact that agriculture is so important to our nation's economy. These are important, but only because they form the foundation for our real objective—to feed and clothe people.

What we produce this year, won't be enough next year. The world's population is growing by nearly 300,000 people a day. We can talk about world trade, support programs and other farm issues—but when you get to the real basics, we're talking about a great responsibility we all will have to shoulder.

With that in mind, let's talk about how I see the government helping create the climate you will need to carry out this responsibility.

What we are ***not*** going to do, is to take any action that will interfere with the marketplace, and I mean that emphatically. And that includes how we sell our CCC inventories of corn and grain sorghum. I announced our policy on these sales two weeks ago, but I think it's important to restate that position.

It is simple: We will not sell these inventories in a way that will disrupt the market. It would serve no purpose to repeat the damage done by the Soviet embargo, when these corn stocks were taken off the market in the first place.

As a nation, we lost our reputation for dependability when that embargo action was taken last year. We also lost an excellent market for our products, and it's going to take a lot of work and time to bring it back.

As you know, we will be meeting with the Soviets today through Wednesday for some exploratory talks concerning a new grain agreement. I have great confidence in Special Trade Representative Bill Brock, who is leading our team. He knows agriculture. He understands the importance of working out an agreement that will benefit the American farmer. He will not let you down.

This administration is on record as opposed to export embargoes, except in the most extreme circumstances. And even then, the American farmer will not be singled out to shoulder the burden. Our goal is to enhance our position in the world market, not weaken it. That's why we have developed a comprehensive plan for export expansion.

As a first step, we have increased CCC credit guarantees by $300 million this year, and another $200 million next year. Secondly, we are continuing our discussions with the European Community about trade barriers. I intend to fight hard to maintain access to these markets, particularly where we have negotiated bindings under the GATT—including bindings involving soybeans and corn gluten.

I am also encouraging a food reserve around the world. Our country is, and probably always will be, the world's food reserve. But frankly, I'd like to move some of this out of the country and into strategic locations.

To meet the competition head-on, we have sent, and will continue to send government-industry teams into markets with high growth potential and strong competition. The objective of these trips is to restore our pre-embargo competitive position and to enhance our reputation as a dependable supplier.

Now, I want to say a few words about our proposed farm bill. I believe it is a straightforward plan to provide producer protection at a reasonable cost to the government. Let me highlight a few aspects of this bill.

We are proposing basic loan rates for major crops at levels that will promote competition in world markets by our commodities. These rates will also assure farmers adequate short-term financing needs for marketing and production.

The Farmer-Owned Reserve will continue to protect against extreme fluctuations. To encourage grain into the reserve, entry loan levels will be determined annually. Our trigger will be based on the cost of production in major producing areas, and other factors.

#

CCC CORN SALES ANNOUNCED FOR WEEK ENDING JULY 31

WASHINGTON, July 31—The Community Credit Corporation accepted seven bids this week on a total of 221,814 bushels of corn offered from the 199 million bushels in CCC's uncommitted inventory, according to Everett Rank, CCC excecutive vice president. Three hundred seventy-six bids were rejected on a total of 33,377,742 bushels, he said.

Most of this corn was purchased by CCC as a result of the 1980 Soviet grain embargo.

The average price received was $3.60 per bushel (basis #2 yellow corn). This price is above the national average minimum sales price of $3.13 per bushel.

"The number of bids accepted clearly points out that we will not be selling from these inventories, even at the minimum price, until we are certain that the market will not be greatly disrupted," Rank said. "This pricing strategy will allow the market to determine how much and where grain will be sold."

Offers to purchase CCC-owned corn will continue to be received any business day between the hours of 8:00 a.m. and 4:30 p.m. local time by the Kansas City Commodity Office and the Houston and Portland branch offices.

#

USDA OUTLINES PROPOSALS ON ELEVATOR FAILURES

COLUMBIA, Mo., Aug. 3—Several administrative changes dealing with elevator insolvencies were outlined today by Secretary of Agriculture John R. Block.

The proposals were recommended by a grain elevator task force, which Block appointed earlier in the year to study the problem.

"We believe these proposals are good, solid first steps," Block said. "The department has come a long way in a short time on a very difficult and sensitive matter."

A summary of the major proposals are:

— Create an ad hoc committee to study USDA audit costs and services as they relate to user fees posed by the USDA. The committee will report to C. W. McMillan, assistant secretary for marketing and inspection services.

— Create a study group of federal, state and regulatory agencies that would coordinate federal-state efforts regarding minimum licensing or agreement requirements, establish uniform minimum net worth standards, and recommend methods of auditing warehouses on grain merchandising.

— Amend the CCC Standards for Approval to require warehousemen to submit an unqualified certified statement by an independent certified public accountant, increase net worth requirements to be consistent with U.S. Warehouse Act requirements, and provide for the acceptance of an irrevocable letter of credit in lieu of bonds.

— Increase the U.S. Warehouse Act's net worth requirements, including additional net worth requirements for warehouses that market grain products, and require an unqualified financial statement from an independent certified public accountant.

— Establish a special USDA team, reporting directly to the Secretary, to deal with warehouse problems when a suspension of the license or contract has been initiated by USDA prior to possible bankruptcy proceedings.

— Direct the Office of the General Counsel to recommend USDA's policy position on protecting the integrity and security of the warehouse receipt.

— Develop an information package for warehouse receipt users. It would contain instructions and education about contracts normally enacted by warehousemen, plus the requirements of USDA licenses and contracts with warehouses.

Block said detailed proposals would be published in the *Federal Register.* A period for public comment would follow.

#

USDA TASK FORCE EVALUATES PACKERS AND STOCKYARDS REGULATIONS

WASHINGTON, Aug. 4—A U.S. Department of Agriculture task force has recommended several changes that would ease the regulatory burden on the livestock, meat and poultry industries regulated by the Packers and Stockyards Administration.

This is the first phase of an overall review of regulations and policies issued under the Packers and Stockyards Act scheduled to be completed by Sept. 30, 1983, according to James L. Smith, PSA acting administrator.

"The task force, comprised of USDA officials with the Packers and Stockyards Administration and the Office of the General Council, was established early this year to recommend modifications to minimize the regulatory burdens on the livestock, meat and poultry industries," Smith said.

Smith said the agency will make strong efforts to get comments on the task force's recommendations from livestock producer groups, affected industries, state departments of agriculture and interested people before formally publishing proposed changes in the *Federal Register.*

Some of the task force's recommendation include:

— Deletion of the policy statement barring meat packers from using "point promotion" programs to induce patronage. Under such programs, meat packers award points to customers who can then redeem them from gift catalogues.

— Exemption from the bonding requirements for dealers and market agencies whose annual purchases do not exceed $500,000.

— Extension of the time allowed for market agencies to reimburse their custodial accounts for uncollected receivables, from the present three days following the sale of consigned livestock to seven days. A custodial account is a form of trust account required by regulation to insure the prompt payment of funds owed to consignors of livestock.

— Consolidation and simplification of regulations involving trade practices, poultry, tariffs, and scales and weighing activities.

The Packers and Stockyards Act is a fair trade practices law administered by the Packers and Stockyards Administration. It promotes fair and open competition in the marketing of livestock, meat and poultry.

#

TEXAS APPROVED TO RECEIVE STALLIONS FROM CEM-AFFECTED COUNTRIES

WASHINGTON, Aug. 4—Horsemen in Texas can now import stallions from countries infected with contagious equine metritis, a venereal disease of horses. But the stallions must undergo rigorous inspection, testing and treatment.

The U.S. Department of Agriculture has added Texas to the list of seven other states that are now authorized to import stallions from infected countries. These states are required to have adequate laws and regulations to prevent spread of the disease, according to John K. Atwell, deputy administrator of USDA's Animal and Plant Health Inspection service.

State requirements are in addition to USDA-required testing and inspection in the nation of origin and at the U.S. port of entry animal import center.

Other approved states are California, Colorado, Kentucky, Maryland, North Carolina, South Carolina and Virginia, Atwell said.

Contagious equine metritis has been spread internationally by shipments of infected breeding horses since it was discovered in 1977. The only cases diagnosed in the United States have been in Kentucky and Missouri. Nations considered infected are Australia, Belgium, Denmark, Federal Republic of Germany, France, Ireland, Italy, Japan and the United Kingdom.

Contagious equine metritis is a highly transmissible venereal disease of horses that infects mares, causing them to fail to conceive. The stallion is a carrier, but can be treated by cleaning and disinfection of the genitals, using a specific cleansing agent and antibiotics.

Notice of this action is scheduled for publication in the Aug. 5 *Federal Register.* USDA has provided for a 60-day public comment period on the program. At that time, the program will be reviewed and a final statement issued by USDA. Comments may be sent, until Oct. 5, to the deputy administrator for veterinary services, APHIS, USDA, 6505 Belcrest Road., Hyattsville, Md., 20782.

#

USDA WITHDRAWS APPROVAL OF BIRD IMPORT STATIONS IN FLORIDA

WASHINGTON, Aug. 4—Approval to import birds through privately owned Quality Bird Quarantine Stations 1, 2 and 3 at Miami, Fla., has been withdrawn by the U.S. Department of Agriculture.

John K. Atwell, deputy administrator of USDA's Animal and Plant Health Inspection Service, said that Bert R. Slocum, owner and operator of the three import facilities, has been notified that the USDA is withdrawing approval of the quarantine facilities and is denying application for future imports of birds because Slocum, his wife, son, and two employees were found guilty on April 10 of criminal acts associated with importing birds.

On June 4, the U.S. District Court in Miami sentenced Slocum to serve one year in prison and fined him $18,000 for multiple violations involving the importation and quarantine of birds. USDA can withdraw approval to operate a quarantine facility if the operator is convicted of acts that could endanger the health of U.S. poultry or livestock.

Slocum was found guilty of entering the quarantine facility after exotic Newcastle disease had been diagnosed in a shipment of imported birds, removing birds from U.S. Customs custody, mixing these birds with healthy birds at his warehouse and subsequently presenting USDA with a fraudulent claim for

$290,383 for diseased birds that had to be destroyed to stop the spread of the costly poultry disease.

Although devastating to poultry and other birds, exotic Newcastle disease poses no health risk to people eating eggs or poultry, Atwell stressed. However, the virus can cause an eye infection or flu-like symptoms in people handling diseased birds. These usually are minor ailments but should be treated by a physician.

Under the rules, a quarantine station operator is entitled to a notice when approval has been withdrawn and the reason for such withdrawal and is given the opportunity for a hearing and judicial review.

There are 93 privately owned, USDA-supervised bird import quarantine stations. Almost 600,000 exotic birds were imported through these facilities during 1980.

#

SHUMAN SWORN IN AS FmHA ADMINISTRATOR

WASHINGTON, Aug. 4—Charles W. Shuman was sworn in today as administrator of the Farmers Home Administration, the rural credit agency of the U.S. Department of Agriculture.

Shuman will direct the loan activities of 8,300 full-time employees from 348 state and district offices and 1,963 county offices in administering $12.2 billion this year in loans and grants to rural families and communities in farming, housing and community facilities.

Shuman, 46, has operated a cattle and grain farm with two brothers in Sullivan, Ill., and was a member of the investment brokerage firm of Blunt, Ellis & Loewi of Decatur, Ill.

He served as Illinois state director of Farmers Home Administration from 1971 to 1977. During that period, he also served temporarily as director of the agency's national finance office in St. Louis.

Shuman is a graduate of the University of Illinois, with a degree in agriculture, and was a delegate to the Illinois constitutional convention of 1970.

He and his wife, Mary, have two daugthers—Carol, a sophomore at the University of Illinois, and Linda, a high school student.

Shuman said as administrator he will emphasize loan servicing as an essential service to all Farmers Home Administration borrowers.

"We must follow through on our initial commitment to the borrower if we are to faithfully serve the needs of rural America," he said.

#

JOHN V. GRAZIANO SWORN IN AS USDA'S INSPECTOR GENERAL

WASHINGTON, Aug. 4—John V. Graziano today was sworn in as inspector general of the U.S. Department of Agriculture by Secretary of Agriculture John R. Block. Graziano was nominated for the position May 6 and confirmed by the U.S. Senate July 30.

Graziano was assistant inspector general for investigations for the U.S. Department of Commerce from 1979 until his nomination.

From 1978 to 1979 he was detailed to USDA as special coordinator for grain elevator safety and security to look into causes of grain elevator fires and explosions. From 1974 to 1979, he was director of USDA's office of investigation.

Graziano was chief of the transportation security division in the office of the secretary of transportation from 1971 to 1974.

From 1965 to 1971 he worked for the Federal Aviation Administration as chief of the air security guard division (skymarshals), chief of the investigations division, Washington, D.C., chief of the compliance and security staff and chief of the civil rights staff in Oklahoma City, Okla., and New York.

Before that he was an investigator with the U.S. Civil Service Commission.

Graziano was born in Brooklyn, N.Y., and received a bachelor's degree from St. John's University, New York, N.Y. He lives in Annandale, Va.

#

USDA ANNOUNCES CHANGES IN SHELL EGG STANDARDS

WASHINGTON, Aug. 5—The U.S. Department of Agriculture has revised the grade standards for shell eggs, bringing them in line with industry's present-day technology. The new standards will go into effect Oct. 1, following proposals made last April by USDA.

"The majority of comments received on the proposal from producers, marketers and state agencies which enforce grade labeling requirements for eggs, generally supported USDA's effort to make the grade standards reflect present practices in the egg industry," said Mildred Thymian, administrator of USDA's Agricultural Marketing Service.

Under the final rule announced today, the minimum percentage of "A" quality eggs required for the "U.S. Grade A" label at the shipping point has been raised from 85 percent to 87 percent and has been increased at the retail store level from 80 percent to 82 percent.

The minimum percentage of "AA" quality eggs required for the "U.S. Grade AA" label at the shipping point has been raised from 85 percent to 87 percent. At the retail store level, the percentage has been adjusted downward from 80 percent to 72 percent to reflect normal quality loss during marketing.

Another change raises the maximum permissible number of "checks"—cracked shells—in shell eggs at retail stores (destination) from 5 percent to 7 percent. The percentage of "checks" in jumbo size shell eggs at the packing and grading points (origin) also will be raised from 5 percent to 7 percent, and

to 9 percent at destination. With the exception of jumbo size eggs, the number of "checks" permitted at the packing and grading points will remain 5 percent.

"This change will simply adjust the tolerance for 'checks' to reflect more accurately the capabilities of the industry to produce an acceptable product at reasonable prices under today's egg production and marketing practices," Thymian said. "Although 'checks' have cracked shells, the shell membranes are intact and the contents do not leak."

Other changes eliminate the C quality classification for eggs, the Fresh Fancy quality and Grade A quality control programs, the two U.S. Procurement Grades and the three lower U.S. wholesale grades. "The five grades will be dropped because they're obsolete," Thymian said.

The changes being made are basically the same as those proposed in the April 17 *Federal Register,* Thymian said.

The final rule was published in the Aug. 4 *Federal Register,* with the effective date of the rule set as Oct. 1.

USDA's Agricultural Marketing Service establishes official grades and provides grading service for many food products under authority of the Agricultural Marketing Act of 1946. Use of the grading service is voluntary and is paid for by the user.

#

HUNTER TAKES OATH AS REA ADMINISTRATOR

WASHINGTON, Aug. 6—Harold V. Hunter, farmer and rancher from Waukomis, Okla., is the new administrator of the U.S. Department of Agriculture's Rural Electrification Administration.

Deputy Secretary of Agriculture Richard E. Lyng today administered the oath of office to Hunter as the tenth head of the agency.

Hunter will oversee USDA financing for rural electric and rural telephone utility systems through REA.

In 1980, the agency made loans of $906.7 million to rural electric distribution systems and guaranteed loans of $5.5 billion to finance construction of wholesale power facilities. It also loaned $403.7 million to rural telephone systems.

"I am fully aware that I now enter a continuing line embodying a rich heritage and history of rural electrification. REA has been uniquely instrumental in moving rural America forward, bringing new growth, new industries and jobs. I am confident this proud record will continue," Hunter said after taking the oath.

Hunter served eight years in the Oklahoma House of Representatives, where he was assistant minority floor leader, and as state executive director of the Agricultural Stabilization and Conservation Service from 1969 to 1977. In 1979, he was elected chairman of the Oklahoma Republican State Central Committee and served until February of this year.

With his son and son-in-law, Hunter operates HVH Farms, a family wheat and alfalfa growing enterprise in Waukomis. The farm also produces Polled Hereford beef cattle.

Hunter is married to Ruth Irene Hyde, and the couple has two children and five grandchildren.

#

U.S. SELLS NEW ZEALAND 220 MILLION POUNDS OF SURPLUS BUTTER

WASHINGTON, Aug. 5—The United States today sold 220 million pounds of government-owned surplus butter to the New Zealand Dairy Board for $155 million.

Secretary of Agriculture John R. Block, who announced the sale, said the price is $1,550 per metric ton, loaded at the warehouse, for delivery between Sept. 1, 1981 and June 30, 1982.

He said the sale will reduce burgeoning government butter stocks, which are owned by the Commodity Credit Corporation, by half, and permit the CCC to recover part of the costs of operating the milk price support program. Some of the butter purchased under the program has been stored since May 1979.

Block said the CCC accumulation of 440 million pounds of uncommitted butter is three times the amount required annually for U.S. domestic donation programs. The CCC resale price policy prevents its butter from competing in the U.S. wholesale market.

He said the United States now holds a major portion of the world's stocks, and selling the butter to New Zealand offers the best course to reduce CCC carrying and storage costs, while preventing a large quantity of U.S. butter from disrupting world butter markets or trading patterns.

"We recognize our international obligations with respect to orderly trade," he said. "As a leading dairy exporter, New Zealand is in a position to manage the movement of this butter to the world markets in a non-disruptive way."

He said the sale was made with the understanding that the Dairy Board would not sell U.S. butter to the Soviet Union.

Block said increased milk production has forced heavy CCC buying under the dairy price support program the past few years. He said CCC stocks have more than doubled since a year ago.

President Reagan last spring signed legislation eliminating an increase in dairy support prices, that had been scheduled April 1. The Administration's farm legislation proposes a lower support level than those in the current farm act with the goal of bringing supply and demand into balance.

Under the dairy price support program, the price of milk to producers is supported through purchases by CCC of nonfat dry milk, butter and cheese.

#

ONE-YEAR EXTENSION TO GRAINS AGREEMENT AGREED

WASHINGTON, Aug. 5—Secretary of Agriculture John R. Block said he is "very pleased" with today's announcement that U.S. and USSR negotiators have agreed on a one-year extension to the current Long Term Grains Agreement between the two nations.

The announcement was made in Vienna, Austria, today by U.S. Trade Representative William Brock, who just concluded three days of discussions with representatives of the Soviet Union. It was also agreed that the two nations would begin detailed and in-depth examination of a new Long Term Grains Agreement. The next session of talks is planned for later this fall.

"I am very pleased that we have been able to re-establish this trade relationship on wheat and corn," Block said. "I am equally pleased that we now have a mechanism for future talks. I also want to compliment Ambassador Brock for the excellent effort he has put forth in Vienna."

The current Long Term Agreement was scheduled to end Sept. 30. No changes will be made in that agreement, except that the expiration date has been extended to Sept. 30, 1982.

#

USDA GRANTS FIRST EXCLUSIVE LICENSE TO PRIVATE COMPANY

WASHINGTON, Aug. 6—In a move to speed government scientific discoveries into commercial use for the public, the U.S. Department of Agriculture will grant some exclusive licenses for private companies to manufacture and sell products patented by the USDA.

The aim is to get a higher pay-off for publicly-financed research.

The first such exclusive license—to develop a product to control nematodes and other parasites—has been granted to the Pennwalt Corp. of Philadelphia, Pa., according to Anson R. Bertrand, USDA director of science and education. The product will be based on a formula patented by the USDA.

"Nematode pests damage seven percent of the nation's total crop production each year," Bertrand said. "At present values, that's a loss to farmers and consumers of about $3 billion. We hope that a nematode control product can be developed to help cut those losses substantially."

Bertrand said the products now commercially available for controlling nematodes are too costly for use on most crops.

"Companies often feel that without some license protection, they can't afford the developmental and start-up costs to produce and sell a product competitively. Instead, they will put their limited capital resources into their own patented or licensed products that promise higher returns than a product marketed by many companies," he said.

USDA will continue to offer new government patents to all private companies on a non-exclusive basis for six months. If no companies show an interest in non-exclusive licensing, the USDA will determine whether to license the patent on an exclusive basis.

"I expect more and more companies will seek exclusive licenses to USDA's inventions," Bertrand said.

About 1,200 USDA patents on inventions ranging from farming equipment to food proteins now are available for licensing by private industry for development and marketing.

Pennwalt Corp., a chemical manufacturing firm, has the right to the license for five years from the date of government approval for the sale of the product, and for five years from the first commercial sale of the product in each licensed territory, not to exceed June 30, 1989.

The research that resulted in the patents was conducted at USDA's Agricultural Research Center in Beltsville, Md., by Malcomb J. Thompson, research chemist, Insect Physiology Laboratory; Julius Feldmesser, technical advisor-zoologist, Nematology Laboratory; and William Robbins, now retired, formerly chief of the Insect Physiology Laboratory.

These scientists now are eligible, under the Federal Inventor Incentive Awards Program, to receive a portion of the royalties collected by the National Technical Information Service. This agency of the U.S. Department of Commerce administers exclusive licenses for USDA through a cooperative agreement between the two departments.

#